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FOREIGN POLICY bulletin

AN ANALYSIS OF CURRENT INTERNATIONAL EVENTS

VOLUME 36 NUMBER 1

Formosa's Future: Neither China?

by Allen S. Whiting

Six and a half years have passed since the rich tropical island of Formosa became the refuge for more than 2 million survivors of the Republic of China. By one of fate's bitter ironies, these years have brought unprecedented peace and prosperity to the Nationalist government, which had been racked by civil war and invasion from its founding in 1928 to its mainland defeat in 1949. A billion and a half dollars' worth of American military and economic assistance give the island's 10 million inhabitants the highest standard of living in Asia. A mutual security pact guarantees United States protection against attack. President Chiang Kai-shek, nearing his 30th year as head of the Kuomintang as well as the government, continues to pledge his people to the defeat of communism and to the reconquest of mainland China.

Yet the persistent question arises: What is the situation on Formosa today and what does it suggest for the future?

The military picture is clear if discouraging. Formosa's 300,000 combat effectives, more than one-third of whom are local recruits, can neither attack the mainland nor defend the island without outside assistance.

In terms of reserves the island's population confronts an enemy at least 50 times its own size. Once Red airfields and supply lines are completed on the nearby South China coast, probably within a year at the most, only American force will prevent the island from being overrun.

Meanwhile the Nationalist army—too small for invasion—is, with the guarantee of American support, too big for defense needs and unnecessarily cripples Formosa's economic development.

Economic trends point to one firm conclusion: Unless Formosa is integrated with some larger economic entity such as China or Japan it must either remain an American ward *ad infinitum* or face bankruptcy. The island's population, increasing at the rate of almost 3 percent annually, will double within a generation. Land productivity can be increased at most by 20 percent, given the most favorable combination of improvements in irrigation, fertilizers, pesticides, credit and marketing incentives and other government services. Thus a rising population outpaces increased productivity, simultaneously leaving less for export and requiring more imports.

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Under Japanese rule rice exports were six times the current rate, although production was almost a third below this year's all-time high of 1.9 million tons.

Resources Limited

Nor does industrialization offer a panacea. Although resources are poorly surveyed, there is little indication of the prerequisites for an iron-steel industry or for manufacturing nonferrous alloys. Chiang Kai-shek's insistence on maintaining high consumption levels has diverted much American aid away from investment in producers' goods. A fantastically complicated exchange rate hits both importers of machinery and exporters of processed goods. Finally, the government's long vacillation about private versus public ownership has so discouraged capital investment that of thousands of affluent overseas Chinese in Southeast Asia, fewer than 100 have invested a mere \$4 million (U.S. dollars) in Formosan industry.

Perhaps the most frustrating obstacle in the way of even approaching solvency, apart from the genuine dilemma posed by military expenditures, is the absence of will on the part of the Nationalists to institute rigorous austerity programs of taxation, cost accounting, detailed and accurate statistics, and other measures to rationalize the economy. Why should they worry, they feel, so long as the United States Congress is prepared to pick up the deficit? International Cooperation Association (ICA) officials on the spot find the

amount of their requests for appropriations raised in Washington because of political pressures transmitted through non-ICA channels from Taipei to Capitol Hill in Washington. While Formosa's price index hit 155.4 in January 1956, based on 1952 as 100, politics continued to play hob with economics.

Dynamic Politics

But it is in the realm of politics that Formosa presents the most depressing, and at the same time, the most encouraging picture. Basically the regime is authoritarian and the population apathetic. Yet the situation is dynamic, not static. Ambivalence and inefficiency weaken the authoritarian controls so that other stimuli may encourage forces from below which could ultimately transform apathy into action. So slow and subtle has this latter process been, it easily escapes the notice of quick-trippers and VIP's who regularly drop down on Sung Shan airport for a "fact-finding" tour. Long-term residents, however, sense developments which, within the foreseeable future, may free American policy from the dilemma of "two Chinas."

It is not merely a question of the Kuomintang running a one-party state, tolerating splinter groups for the sake of façade. Were this a dynamic, self-rejuvenating party on the Soviet model it would present a different picture in terms of growth and potential, regardless of how we might evaluate that potential. But the fact remains that not only is the Kuomintang a one-party system; that

party is dominated by personal rule from above.

In one sense this might be viewed as another dynasty in China's history, so strong is the influence of the two Chiangs, Kai-shek and Ching-kuo. Rival figures of power and prestige, such as former Secretary General Wang Shih-chieh and former Governor K. C. Wu, fall into quiet disuse or flee into bitter exile. Those who stay comprise three groups. An older band of devoted followers of Sun Yat-sen remain loyal Chinese, serving with truly remarkable ardor in the face of unbelievably depressing personal, physical and psychological obstacles. A younger second group, attaching itself to, rather than led by, Chiang Ching-kuo, seeks to manipulate the instruments of violence and persuasion to attain and preserve power. Finally, an independent coterie of enlightened bureaucrats, found principally in the ministries of foreign affairs, finance and economics, attempts to reform and rejuvenate while remaining affiliated with either political faction. In the relatively restricted confines of Formosa the conflict among vested interests that blocked unity in China is replaced by conflict among personal cliques.

Officially no censorship exists except on classified military information and Chinese Communist materials. Actually an informal network of Kuomintang personnel on all publications helps to assure that criticism stops short of the two Chiangs. No newspaper discusses such sensitive

(Continued on page 7)

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Middle East in Party Platforms

The foreign policy planks of our two political parties are fascinating subjects for study—they are so different. One looks with alarm; the other views with satisfaction. You read the Democratic party foreign policy plank and are persuaded you should take to the hills before the atom bombs start falling or the United States goes “Fortress America” if Adlai Stevenson is not elected. Then you read the Republican party foreign policy plank and you are convinced that only Eisenhower and Dulles can guarantee peace—wonderful, beautiful, prosperous peace.

After the Democrats have finished denouncing Eisenhower and Dulles for timidity, blindness, braggadocio, fraternization with Communists, complacency, weakness, drift, bluster and bluff, confusion, and so on, you are about to conclude that nothing good can or has come out of Gettysburg or the GOP. But then you pick up the Republican party foreign policy plank with its eulogies of Eisenhower and Dulles for their dynamism, courage, vigilance, leadership, sagacity, diplomatic successes, wisdom, patience, resolution, vast experience, and so on, and you begin to wonder how the country got along 175 years without them. Can these be the same last four years that the two party platforms are describing? Is this the same world they are picturing? It can't be—but it is.

Similarities.—and Contrasts

The foreign policy planks of the two parties are fascinating subjects for study—they are so similar. They both pledge support for the United Nations; but the Democrats wind up by criticizing the Republicans for

“bypassing” the UN at their pleasure. They both oppose Red China's membership in the UN; but the Democrats go further than the Republicans in backing Chiang Kai-shek. They pledge “continued support to Nationalist China”; the Republicans only say, “To admit Red China into the UN would betray our friend and ally, the Republic of China.” Both support collective security—the Democrats pointing out that they “inaugurated” such arrangements, the Republicans emphasizing that under their leadership it has been extended to cover 42 countries.

Both promise continued military and economic assistance to the free world — although the Democrats point out they prefer a “multilateral” approach to the problem, while the Republicans only hint at it by saying they “will continue efforts with friends and allies to assist the underdeveloped areas of the free world.” They are both for reunification of Germany, both for bipartisanship in foreign policy, both for getting American prisoners in Red China freed, both for peaceful liberation of the satellite countries. The Democrats cannot pass up the chance to poke fun at Dulles for promising in 1952 to liberate these countries. And while both are for increasing world trade, the Republicans point with pride to the “escape-clause” and “peril-point” features written into the trade agreements under Eisenhower, while the Democrats remind themselves that it was Secretary of State Cordell Hull who initiated the reciprocal trade program.

On the Middle East the two planks are more alike and more dis-

similar than on other points. This is natural, for the Middle East is the current crisis spot in the world. The Republicans, however, only mention the Arab-Israeli conflicts—and how good are the prospects of peace on this score. From the GOP platform plank you would not know there was a Suez Canal crisis or a strife-torn island called Cyprus. The Democrats, however, come out flatly for what Mr. Dulles has been trying to negotiate in London—“free access to the Suez Canal under suitable international auspices”—something the Republicans bypass, which makes the Democrats, on paper at least, better Republicans than the President's own party.

Israel is, of course, as usual, a subject full of political dynamite. The Democrats meet it head on by promising “to assist Israel to build a sound and viable economy,” and “to redress the dangerous imbalance of arms [in the area] by selling or supplying defensive weapons to Israel.” The Republicans, who have so far refused to ship arms to Israel, only affirm solemnly that “the preservation of Israel is an important tenet of American foreign policy.” “We shall support the independence of Israel against armed aggression,” the GOP platform declares — but does not say how.

Yes, the foreign policy planks of the two parties are fascinating subjects for study—but little else. If they were binding on the candidates even in their generalities it is a good bet they would be examined, studied, dissected and interpreted with the painstaking thoroughness given to the Dead Sea scrolls.

NEAL STANFORD



What Should Be U.S. Policy in Middle East?

Republican platform, San Francisco, California, August 21, 1956, as reported in The New York Times, August 22, 1956:

The Middle East has been strengthened by the defensive unity of the four "northern tier" countries — Turkey, Iraq, Iran and Pakistan — which hold gateways to the vast oil resources upon which depend the industry and military strength of the free world. This was made possible by the liberation of Iran from the grip of the Communist Tudeh party. Iran has again made its oil reserves available to the world under an equitable settlement negotiated by the United States.

We have maintained, and will maintain, friendly relations with all nations in this vital area, seeking to mediate differences among them, and encouraging their legitimate national aspirations. . . .

We recognize the existence of a major threat to international peace in the Near East. We support a policy of impartial friendship for the peoples of the Arab states and Israel to promote a peaceful settlement of the causes of tension in that area, including the human problem of the Palestine-Arab refugees.

Progress toward a just settlement of the tragic conflict between the Jewish state and the Arab nations in Palestine was upset by the Soviet bloc sale of arms to Arab countries. But prospects of peace have now been reinforced by the mission to Palestine of the United Nations secretary-general upon the initiative of the United States.

We regard the preservation of Israel as an important tenet of American foreign policy. We are determined that the integrity of an independent Jewish state shall be maintained. We shall support the independence of Israel against armed aggression. The best hope for peace in the Middle East lies in the United Nations. We pledge our continued efforts to eliminate the obstacles to a lasting peace in this area.

Secretary of State John Foster Dulles before the Senate Foreign Relations Committee, Washington, D.C., February 24, 1956, as excerpted in The New York Times, February 26, 1956:

Possibility of Attack

SECRETARY DULLES—The preservation of the State of Israel, as I said before, is what I regard as one of the essential goals of United States foreign policy. It is not, of course, our only goal, and we have to combine the search for that result with the achievement of other results which are also important from the standpoint of the foreign policy of the United States.

I do not think we have to assume that no nation can exist except as it has within its own boundaries the weapons needed for its own defense. If that were the case, the world would be in a quite impossible situation, because outside the Soviet Union and the United States, there are no countries which can have enough military power to make themselves safe against an attack by one or the other.

This is the third of four *Forums* to be published before the November Presidential elections, in which the views of Republican and Democratic spokesmen on major foreign-policy problems will be presented. Each *Forum* will be accompanied by an article analyzing the given problem—in this instance Neal Stanford's article, "Middle East in Party Platforms."

WHAT REPUBLICANS THINK

We are not going to attack. The Soviet Union might.

Where Is Security?

Where do you find security today? Primarily in mutual security arrangements and, above all, we hope, in the United Nations Charter. The United Nations Charter was created for that very purpose, and we are working very closely with the United Nations on this matter. . . .

By our pledges, of the United Kingdom, France and the United States, we have undertaken to stand ready to put our power behind a United Nations action to save Israel. After all, Israel is a creature of the United Nations. The armistices were negotiated by the United Nations.

There is no country in the world which has as strong a call upon the United Nations as the state of Israel has, and we believe that if the members of the United Nations will put their strength behind the United Nations' action to save Israel, that is a far better assurance for Israel than if we get into an arms race, because any amount of arms which Israel can buy from the United States can be topped, like that, by more arms which the Soviet Union will plow into the situation, and you get into an arms race which Israel cannot possibly win, because Israel, with a population of about 1.7 million and a very small area, cannot absorb arms comparable to what can be absorbed by the surrounding Arabs, with their capacity to absorb arms, now that they have access to the arsenals of the Soviet Union. . . .

WHAT DEMOCRATS THINK

Democratic platform, Chicago, Illinois, August 16, 1956, as reported in The New York Times, August 16, 1956:

In the Middle East, the Eisenhower Administration has dawdled and drifted. The results have been disastrous and still worse threatens. Only the good offices of the United Nations in maintaining peace between Israel and her neighbors conceals the diplomatic incapacities of the Republican Administration. The current crisis over Suez is a consequence of inept and vacillating Republican policy. Our government's mistakes have placed us in a position in the Middle East which threatens the free world with a loss of power and prestige, potentially more dangerous than any we have suffered in the past decade. . . .

Peace and Justice in Middle East

The Democratic party stands for the maintenance of peace in the Middle East; which is essential for the well-being and progress of all its peoples.

We will urge Israel and the Arab states to settle their differences by peaceful means, and to maintain the sanctity of the holy places and permit free access to them.

We will assist Israel to build a sound and viable economy for her people, so that she may fulfill her humanitarian mission of providing shelter and sanctuary for her homeless Jewish refugees while strengthening her national development.

We will assist the Arab states to

develop their economic resources and raise the living standard of their people. The plight of the Arab refugees commands our continuing sympathy and concern. We will assist in carrying out large-scale projects for their resettlement in countries where there is room and opportunity for them.

We support the principle of free access to the Suez Canal under suitable international auspices. The present policies of the Eisenhower Administration in the Middle East are unnecessarily increasing the risk that war will break out in this area. To prevent war, to assure peace, we will faithfully carry out our country's pledge under the tripartite declaration of 1950 to oppose the use of threat of force and to take such action as may be necessary, in the interest of peace, both within and outside the United Nations to prevent any violation of the frontiers of armistice lines.

The Democratic party will act to redress the dangerous imbalance of arms in the area created by the shipment of Communist arms to Egypt, by selling or supplying defensive weapons to Israel, and will take such steps, including security guarantees, as may be required to deter aggression and war in the area.

We oppose, as contrary to American principles, the practice of any government which discriminates against American citizens on grounds of race or religion. We will not countenance any arrangement or treaty with any government which by its terms or in its practical appli-

cation would sanction such practices.

Adlai E. Stevenson at the West Side Jewish Community Center, Los Angeles, California, May 11, 1956:

In my judgment prompt and emphatic steps should be taken to make it unequivocally clear: (1) that Israel is here to stay; (2) that we will not tolerate armed aggression by either side and that we stand ready to intervene to prevent it; and (3) that Israel should no longer be deprived of the means of self-defense. The necessary weapons and training should be supplied to Israel to restore a balance with her unfriendly neighbors.

It is said that to strengthen Israel would be to start an arms race and would further alienate the Arab states. That would be a great misfortune for us and the Arabs as well. But the Russians have already started an arms race, and once the balance of power was roughly restored, I think the UN should call on Russia and everyone else, including ourselves, to establish an embargo on the shipment of arms to this area.

All the United States wants for the peoples of the Middle East is peace, independence and a rising standard of living. After this present emergency we must press on to eliminate the causes of friction and establish the basis of a solid peace between these embittered peoples. To this the United States should be willing to make a generous contribution.

And I believe I should conclude all this by saying that I for one am very gratified to Mr. Hammarskjöld for his services in the Middle East. I believe we can at least be hopeful that they and the recent meetings in London with the Russians are not without positive indications of an improving climate. . . .



Aswan and Suez

When President Gamal Abdel Nasser nationalized the Universal Suez Canal Company on July 26, stating he would use canal revenues to build the High Aswan Dam, the Western powers, including the United States, which from the outset urged moderation and conciliation—"Damage and destruction is no settlement," said President Eisenhower at his August 8 press conference — were apparently taken completely by surprise. Their spokesmen, while differing about the character of remedial action, seemed at a loss to explain Nasser's move; and Secretary of State John Foster Dulles, in his August 3 radio report to the nation on returning from his first trip to London, described Nasser's grievances as "feigned."

Why Did Nasser Do It?

Yet anyone familiar with the temper not only of the Egyptians but of other non-Westerners who have lived under Western rule could have predicted that the sudden withdrawal by the United States, which Britain seconded, of its offer to help build the High Aswan Dam would bring some kind of vigorous retort from Cairo. The grievances, which may have seemed "feigned" in Washington, London or Paris, are regarded as real not only by Egypt but also by a number of other members of the Asian-African group. Prime Minister Jawaharlal Nehru explained this succinctly when he told the House of the People, lower house of India's Parliament, on August 8: "More than the decision, the way it was done hurt Egypt's pride and self-respect and disregarded the people's sentiment."

This decision, moreover, still has some unexplained aspects. The United States justified its rejection of Egypt's request after ten months of negotiation on the ground that the Nasser government had "mortgaged" the country's economy. This, presumably, refers to the fact that Egypt has agreed to sell its principal export, cotton, over a period of years to the Soviet bloc in return for arms.

The Soviet-Egyptian deal, however, was made in September 1955 before, not after, the World Bank as well as the United States and Britain had started serious negotiations about the financing of the dam, and thus did not represent a new development. In fact, Egypt for two years previous had been seeking to obtain funds from the World Bank for this purpose without success—and it was only after the arms deal had been announced that the bank sent two representatives to Cairo for prompt discussion of the long-pending request. Informed observers assumed at that time that Western fear of Moscow's economic penetration in Egypt had crystallized negotiations which otherwise might never have reached consummation. The United States and Britain then also entered the picture. On December 17—three months after the arms deal—it was announced in Washington that the two Western powers would contribute a total of \$70 million (the United States \$56 million and Britain, in blocked sterling, \$14 million) toward the total cost of building the dam, estimated at \$1.3 billion.

Subsequently the World Bank made known that it was ready to lend Egypt \$200 million for this project. This offer became inopera-

tive in July following the withdrawal of American and British funds, on which it was contingent. Meanwhile, it was reported from Cairo on several occasions between September 1955 and July 1956 that the U.S.S.R. would give financial and/or technical aid for the dam.

Since Mr. Dulles' rejection of the Egyptian request it has been suggested by some commentators that the construction of the dam, Egypt's most cherished project, is impractical for technical and/or political reasons, and that even if it were built the increase in arable land would not keep pace with the growth of Egypt's population. No layman can pass judgment on the engineering and water control problems involved, but it is reported that the World Bank reached the conclusion that the dam could be built under the conditions then contemplated by the Nasser government. And on July 9, ten days before Washington gave the impression that Egypt's economy was not in a condition to justify Western financial aid, the president of the World Bank, Eugene R. Black, wrote Nasser that his economy was sound. Nor does the argument about Egypt's population carry weight with those who know that Egypt is one of the three countries in the world—the others are India and Japan—which is taking official measures to introduce planned parenthood.

Several factors which are believed to have influenced the decision of the United States about the financing of the High Aswan Dam were not officially mentioned. Among them was the outspoken opposition of Congressmen from southern cotton-

growing states who feared that the dam would increase Egypt's cotton-producing area, thereby creating new competition for the United States; Egypt's recognition of Peiping on May 16, at a time when both Republicans and Democrats were about to reaffirm, in their party platforms, unswerving opposition to recognition of the Chinese Communist regime; and, some thought, an election-time concern for the pro-Israel vote. Perhaps most important of all, newspaper stories suggested that Washington, having discovered Moscow would not help Egypt with the dam, had decided it was safe to risk Nasser's displeasure.

Some observers have gone further and have concluded that the Western powers, particularly Britain and France, which are increasingly concerned about their future role in the Mediterranean and Africa, were determined to use every measure within their reach to overthrow Nasser—described by Sir Anthony Eden as Britain's enemy, and by French Foreign Minister Christian Pineau as a new Hitler—and that the dam project rejection was used to achieve this purpose. References were suddenly made by Western officials to Nasser's book, *The Philosophy of the Revolution*, to demonstrate that Egypt's president has imperialistic ambitions which must be checked at all costs. This book, however, was published in English in 1955 and presumably had been read in the world's Foreign Offices before the United States, Britain and the World Bank decided to help finance the dam.

While Mr. Dulles, on August 29, said that Nasser would have acted on Suez anyway to forward his policy of "grandeur," the fact remains that Washington's Aswan decision triggered his Suez move.

VERA MICHELES DEAN

(This is the second of two articles.)

Whiting

(Continued from page 2)

issues as the proposal of Hu Shih that the Kuomintang split on the model of Atatürk's party and allow new blood to start a rival organization. No editorials question who will replace Chiang, now almost 70, as party leader.

Outside the party, authoritarian controls check new ideas and checkmate potential centers of political opposition. Schools and universities, long a center of ferment in China, quietly pursue "safe" studies, avoiding critical discussion of post-1920 events or thought. Yet conformity on Formosa does not breed confidence among the leaders, justly suspicious of ritualized loyalty which may mask hypocrisy. The regime's distrust of the people is paid back in kind. No rumor is too fantastic to be accepted and spread if it concerns personal corruption, nepotism or intrigue.

But there are stirrings which augur a change, should Formosa continue its protected isolation which has safeguarded it for the past six years. The possibility for such change lies in two interrelated factors—the incompleteness of Nationalist police controls and the growing number of Americans scattered throughout the political, economic and military sectors of the population.

American Influence

This is no police state like its Communist rival. The freedom of association and movement, granted to 8,000 or more Americans who roam the island in Buicks and on bicycles, inevitably opens the door for uncontrolled communication between Formosans and outsiders. No longer are clandestine meetings necessary as described in Vern Sneider's novel, *Pail of Oysters*. Today it is not unusual for groups of Formosan

students or professionals to visit American homes, speaking freely about political controls, requesting intercession against police oppression, and criticizing Nationalist theory and practice.

Like the British colonial service, which proved its success by creating its own successors, our program in Formosa is undercutting the monopoly position of political and economic guidance held by mainland Chinese. Formosans form the core of combat effectives and are gradually moving up into higher echelons. Formosans dominate all government at the provincial level and below. Formosans control the majority of capital invested in local enterprises. Already highly literate, they are being equipped with managerial training, denied them by the Japanese, which makes them capable of taking over virtually all major operations.

This is not a conscious effort of American policy, but given the dynamics of demography, it is an inevitable by-product. Of 10 million persons, only a fifth come from the mainland, and these are predominantly single males and older couples. With the high birth rate increasing the local inhabitants and Nationalist barriers preventing additional migration from refugee centers in Macao and Hong Kong, mainland Chinese face the future as a declining proportion of the island's population.

Several obstacles still prevent this Formosan population from becoming articulate politically. So long as the instruments of violence, police controls and the instruments of persuasion, mass communications, remain in the hands of the Kuomintang, change can be forestalled indefinitely. There are no genuinely independent Formosan newspapers. There is no recognized Formosan

political organization. Practically all active Formosans must enter the Kuomintang. In most external affairs, the island's representatives are exclusively mainland Chinese. These effective checks have eliminated organized opposition to Chiang's rule.

But as death removes the Nationalist elite, one by one, the question arises, Does the situation offer a solution to the "Formosan problem" wholly different from the proposals by either Taipei or Peiping? Certainly an American move which could seize the initiative from Communist China, improve our prestige in Southeast Asia, and safeguard the island against becoming a Red outpost would be well worth a gamble.

The U.S. and Formosa

After six years of stagnation it is clear that Chiang Kai-shek's forces are not going to counterattack the mainland. It is equally clear that despite tempered controls and vaunted economic reforms the Nationalist regime lacks any growth potential in terms of domestic or foreign prestige. Meanwhile the United States has accomplished its first objective, saving 2 million mainland refugees from a blood bath and preventing the island from falling into Communist hands.

In accordance with our renewed drive to win friends and influence people in the uncommitted areas of the Afro-Asian bloc, we might well

propose a new United Nations effort to "relax tension" in the Formosan area. A plebiscite, sponsored by the Bandung powers but excluding Communist China, Nationalist China and the United States as "interested parties," would offer the population a threefold choice: affiliation with mainland China, continuation of the *status quo* or independence.

Peiping would be embarrassed to reject such a proposal out of hand, should the Afro-Asian bloc accept it in keeping with the democratic dictates of the Charter and the Bandung declaration. Should Peiping accept, it would face the probable prospect of a rejection by the Formosans, who have a healthy distaste for rule by any Chinese. There is a possibility that the population will choose the *status quo*. This would be the most serious blow to Peiping's propaganda campaign possible. Chances are, however, that "independence" would be the islanders' choice, thereby safeguarding American objectives without incurring the continuing obligation of American support. Such a choice would doubtless lead to preferential tariff arrangements with Japan, a necessary economic development, conceivably reducing our burden in Japan as well as in Formosa.

Such a proposal might seem academic, given the emotional nature of our commitment to Chiang, cemented in a Mutual Defense Treaty,

except for the curious dichotomy which has marked Washington's China policy for two years. On the one hand we have tripled our military advisory group on Formosa and made repeated displays of force in the Formosa Strait. On the other hand we have patiently dickered with Peiping's representative in Geneva and indirectly relaxed trade embargoes against Red China. It is no longer inconceivable that after the November elections a confident Administration could compel the Nationalist elite to accept graceful retirement or face an end to American economic assistance. Few below the generalissimo speak of "when we return to the mainland." These Chinese would welcome a *deus ex machina* which could resolve their dilemma with a minimum loss of face.

Fortunately for all, Peiping has lacked the wherewithal to attack the island. Each year reduces its problems, however. Another 12 months and the rail lines, airfields and attacking craft will be prepared to strike, should Peiping be ready to run the risk of American counterattack. Like a time bomb quietly ticking away, Formosa remains the most explosive situation in Asia.

(Dr. Whiting, assistant professor of political science at Michigan State University and author of several books, was a Ford Fellow in 1953-55, when he visited Formosa, Hong Kong and Japan.)

FOREIGN POLICY BULLETIN

345 East 46th Street, New York 17, N. Y.

In this issue:

Formosa's Future: Neither China?—A. S. Whiting	1
Middle East in Party Platforms—N. Stanford	3
What Should Be U.S. Policy in Middle East?—	
What Republicans Think	4
What Democrats Think	5
Aswan and Suez—	
V. M. Dean	6

In the next issue:

A Foreign Policy Report—	
Iraq's Reconstruction: Promise and Problems,	
by Georgiana S. Stevens	

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